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JPRS-JAR-86-008

7 MAY 1986

# Japan Report

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Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

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7 MAY 1986

## JAPAN REPORT

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POLITICAL AND SOCIOLOGICAL

NAKASONE HOLDS WASHINGTON PRESS CONFERENCE

OW150601 Tokyo NHK Television Network in Japanese 1653 GMT 14 Apr 86

[Prime Minister Yasuhiro Nakasone's press conference with Japanese and foreign reporters in Washington--live; all remarks in the press conference translated into English or Japanese passage by passage by an official interpreter; the following is from the English version]

[Text] [Nakasone] This time, I myself, as well as Foreign Minister Abe and the Japanese delegation which visited Washington D.C. have enjoyed very warm hospitality by President Reagan, as well as the U.S. administration. And we have been able to conclude very useful and fruitful meetings which took place the past 2 years. I was indeed granted very exceptional treatment with the invitation to Camp David, and I am truly grateful for President and Mrs Reagan's very warm hospitality, when they offered me lunch. I am sure the Japanese people as a whole are most gratified by this hospitality.

The subject matters that we took up during our meetings were, first of all, the Japan-U.S. bilateral economic questions and world economic issues. And we also discussed the structural reform that is taking place in Japan as part of our efforts to resolve the imbalance between exports and imports of Japan. We also had discussions concerning the U.S.-Soviet summit meeting and East-West relations. We further discussed regional problems, including Philippines' affairs, as well as the Central American situation. So, indeed we covered a broad range of questions and we completely agreed with each other.

We also discussed internationally-organized terrorism, and discussed how best we can lead the Tokyo economic summit to a success.

In the realm of bilateral economic issues, we feel that the economic consultations between Japan and the United States have proceeded successfully. We have had the so-called MOSS talks with market-oriented sector selective discussions; we have adjusted the yen-dollar exchange rate bilaterally; our interest rates have been reduced. We have also had consultations on an ongoing basis with regard to aviation relations, as well as many other matters, and we have been able to settle these matters one by one in a steady manner. On the Japanese side, we have also been making efforts, on an ongoing basis, to further open up Japanese markets and to reform Japanese economic structure. And the U.S. side expressed its appreciation for the efforts that have been made by Japan.

However, there still remain economic issues, and we are fully aware of the frustration that was expressed in the U.S. Congress. We therefore established a study group--an advisory group--on economic structural improvement for international harmony in the Fall of last year to consider reform of Japanese industrial and economic structure in order to achieve greater harmony with the world economy. And the result has come out in the form of what is called the Maekawa Report. After accepting the Maekawa Report, the government has decided to implement the recommendations contained in the report. We have to divide the contents of the Maekawa Report into matters that ought to be covered in the short term, others in the medium term, and then in a longer term. And tenacious efforts ought to be made in order to implement what is contained in the report. In order to promote the implementation of those recommendations, the Cabinet of the government, as well as the Liberal-Democratic Party jointly organized a headquarters for the promotion of that program. And that headquarters will come up with a specific work schedule under which the contents of the report will be implemented one by one in a steady manner.

Some of the items included can be implemented immediately by the government; some others will need deliberations by various advisory councils of the government; and yet others will need legislative measures for implementation. We expressed our determination to implement these measures in phases, and the U.S. side expressed appreciation for what I explained.

Structural reform must proceed in both countries, the United States and Japan. On the U.S. side, there are problems of budgetary deficits; there is the major trade deficit. Also, there is the interest rate problem. It was decided, therefore, that on these structural matters, high officials of the two sides will carry out consultations.

On the world economy, we now see some brightness. For example, oil prices have been coming down; interest rates have also been coming down. In order to give further brightness to the world economy, we agreed that we must further add on to the momentum for faster economic growth, as well as further expansion of trade in volume. I wish to stress these points at the upcoming Tokyo economic summit meeting as well. For one thing, we already do see some mood toward active policy coordination between countries, and we must further promote this trend. And secondly, various countries must also actively pursue industrial adjustment, and I believe that these questions will become the central pillars of the economic summit meeting. And I believe that these, in fact, ought to be the central themes of our discussions.

We also agreed that we must further carry on our determined fight against trade protectionism; in fact, we did agree that we must uphold free trade and expanded trade. We also agreed on the need to promote the new round of multilateral trade negotiations under the GATT, and I believe that these matters will also come up during the Tokyo economic summit meeting.

We also agreed that faced with the recent decline in the primary commodity prices, such as oil prices and others, which are affecting developing countries as well as debtor countries, there is need for special consideration for these countries. I wish to have useful and fruitful discussions on this question

at the Tokyo economic summit meeting. I personally support the Baker initiative and we expressed the Japanese view that, for the implementation of that Baker initiative, there must be further improvement and augmentation of various international or multilateral financial institutions such as IDA, the World Bank, and other regional financial institutions, and that Japan is making efforts to contribute to the improvement of these institutions in the interest of developing countries and other debt-laden countries.

On East-West relations, I offered to extend my cooperation for the realization of the second Reagan-Gorbachev summit meeting, and President Reagan was very keen on this question of the second summit. In fact, the realization of the second summit meeting following the first meeting will have very important significance and we sincerely believe that, even though at the end only partial solutions may be produced, such discussions will be very useful and represent progress. And I personally mentioned to President Reagan the need for the free world to come together in solidarity in support for President Reagan.

On various regional questions, we agreed that both our countries will continue to cooperate and assist the Aquino government in the Philippines. On the Korean peninsula, we agreed that we shall further offer cooperation for the promotion of dialogue between the South and North and also cooperate for the maintenance of peace and stability on that peninsula.

I would like to once again express my gratitude for the favors and hospitality extended by the U.S. Government and the people of the United States on my visit to the United States this time.

[Moderator] Now the prime minister is ready to answer your questions.

[Benton] I am Nicholas Benton with EXECUTIVE INTELLIGENCE REVIEW. Prime Minister Shimon Perez of Israel came to Washington to propose a \$25 billion Marshall Plan for the Middle East for regionwide development. Have you given any consideration to this? Also, with regard to the Mitsubishi Research Institute's \$500 billion global infrastructural fund proposal, is your government considering that as a way of providing economic development funds for the Middle East or the developing sector in general?

[Nakasone] First, with regard to that Marshall Plan for the Middle East, the foreign ministers of our two countries took up that item. As far as the Japanese side is concerned, the contents of that plan are not yet clear and, therefore, we said that the Japanese side will consider that plan carefully, while we also asked for continued flow of information on that plan from the U.S. side. On the second question related to the Mitsubishi Research Institute plan, we are aware that such a large-scale scheme exists; however, there at this stage exist no detailed plans as to what will be done, where, and specific terms. So, we believe that further detailed consideration of such plan is necessary. All in all, however, I think that it is very useful for various



projects of these sorts to be studied in different parts of the world. For example, there is the so-called second Panama Canal project, and I understand that it is currently in the feasibility-study stage. And if such programs have become concrete, then Japan should carefully study those projects.

[Unidentified Japanese reporter] I have two questions. As you mentioned, Mr Prime Minister, one of the major objectives of your visit to the United States this time was, I believe, to pave the way to the summit meeting--the economic summit meeting--and I wonder ... with regard to the items such as you mentioned, Mr Prime Minister--that is to say, greater international coordination for the stability of the exchange rates, as well as further reduction in the interest rates--what sort of reaction did you feel from President Reagan? Secondly, Mr Prime Minister, after you return to Japan this time, you will have to engage yourself in the preparations for the summit meeting. But on top of that, I believe that there will also be various domestic political developments. And some people say that, as a result of this, the move toward dissolution of the Diet will accelerate back home. I now wonder if I can have some comments of yours on the domestic political affairs, including the possibility of dissolution of the Diet?

[Nakasone] First on the summit meeting that is upcoming, I got President Reagan's commitment for full cooperation for the success of that economic summit. With regard to specific items that I explained earlier, I stressed the need for active policy coordination among the countries concerned. And I mentioned that we must make efforts, since we already have the track record in the form of the yen-dollar exchange rate adjustment, the Baker initiative, as well as the coordinated reduction of the interest rates, that we must further promote these trends in order to put the world economy on an upward slope. I did not receive any explicit yes from President Reagan on this point, but I feel that he did agree with what I was saying. I did not speak in terms of anything like a target zone or a reference zone; the expression I would use in this connection would be managed flexibility.

I am not thinking of dissolving the Diet at all. Cherry blossoms are in full bloom in Japan today and any wind of dissolution would blow away the cherry blossoms.

[Moderator] As the time is limited, I request you to limit your question to only one. And please state your name and affiliation when you ask questions.

[Oberdorfer] Mr Prime Minister, I am Don Oberdorfer of THE WASHINGTON POST. Despite all the things that you have done and your government has done since you have been in office, the trade imbalance between the United States and Japan is about three times the size today that it was when you took over the office. Do you have some projection that you could give to the American Government or to the American people about when this trade imbalance will start to get less rather than continue to get larger?

[Nakasone] First of all, with regard to that trade imbalance, let me say that initially, because of the time lag between the economic recovery phases in Japan and the United States, exports from Japan increased substantially. Also, exports from Japan increased due to the strong dollar and weak yen situation.

Since then, however, we have made various efforts to open up access to the Japanese markets and to eliminate and reduce tariffs for products into Japan. For example, in the tariff reduction area, we reduced or eliminated tariffs on some 2,000 items. As a result, the level of tariffs on manufactured goods on average is the lowest in Japan. And because of such tariff reductions, we have had a 130 billion yen decrease in tariff revenues. That will be roughly \$700 million. Now, as I said, we have been making efforts to improve the market access into Japan and we have been promoting what is called the Action Program for improvement in the market access. However, because of the strong dollar, it was as if products from around the world were absorbed into the United States. I feel that that phenomenon was not really the result of a very active effort on the part of the United States to attract products into the United States, but rather it was as if, as I said, products were absorbed into, or sucked into, the United States.

Then came the G-5 meeting, with the currency adjustment on 22 September, and market trends have changed since. As a result, Japanese exports in volume have leveled off. Because of the so-called J-curve effect, dollar-denominated exports from Japan continued to rise. However, if we look at statistics for March, exports in volume declined by 2 percent compared to the same month of the previous year, and they also declined by 16 percent in value yen-denominated, although because of the J-curve effect, in dollar terms it continued to rise by 21 percent over the previous year.

As there, however, is the oil price decline ... and because of that the surplus on the Japanese balance sheet will continue to rise. Japan imports about 200 million kiloliters of oil; a \$1 dollar decline per barrel of oil would represent a prevention of outflow of approximately \$1.2 billion from Japan. If there is a \$10 decline per barrel of oil--that is, from \$28 to \$18--that would mean an increase in surplus to the tune of \$12 billion.

Faced with that situation, we are now aggressively carrying out efforts to stimulate the domestic demand, and we believe that various policy measures that we announced in April will have the effect of pushing up the GNP close to 0.7 percent.

What is conspicuous is that, since the currencies of Taiwan and Korea are linked to the U.S. dollar, their currencies have devalued by 30 percent against the Japanese yen. And therefore, imports from these countries--Taiwan, Hong Kong and Korea--are swarming into Japan and, as a result, Japanese companies affected are raising their cries and I think that the situation is in fact similar to the days when the United States faced a lot of imports from Japan or developing countries.

As for imports into Japan from the United States, last year saw a \$5.4 billion increase in the importation of manufactured goods compared to the year before, and especially there has been an increase in the importation of machinery. So, if we maintain this trend and also further expand the domestic demand in Japan, then the trade relations between our two countries will begin to change conspicuously. And I myself expect that some time around this coming fall this trend will become tangible.

[Moderator] I am afraid that this will be the last question.

[Hiramoto] My name is Hiramoto with TBS. I am stationed here in Washington, D.C. President Reagan has been requesting you to participate in the SDI program. I think that you are now in the state of having to make a political decision and, prime minister, I wonder when you intend to make that decision.

[Nakasone] With regard to the SDI question, we already dispatched three missions to the United States, and most recently a mission organized by both the government and the private sector, with the participation of 21 major private companies in Japan, visited here. That mission has already returned to Japan and is now compiling a report. We are grateful to the United States for the very detailed explanations they provided to this mission. When this report is officially submitted to the government, then we shall move on to the stage of official consideration within the government, as well as discussion on the matter with the private sector. And, on that basis, we also like to start consultations among various cabinet ministers responsible for different ministries of the government.

That being the situation, I believe that it is appropriate to say that we are in the stage of studying this question. I also have been informed by my people that on this occasion of my visit to the United States we have decided to present a gift of \$3 million to the Japan-U.S. Friendship Commission, and out of that total amount \$1 million will be presented to the Japan-U.S. Society in New York through the Japan-U.S. Friendship Commission. So, we would like to make efforts to further promote the friendly ties between our two countries in all areas.

[Moderator] I know that many of you are still eager to ask questions, but I cannot keep the prime minister any more from the next public engagement. Thank you very much for your attendance. This concludes the press conference by the prime minister.

[Nakasone] Thank you very much.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

NAKASONE TO VISIT U.S. 12-14 APRIL

OW050131 Tokyo KYODO in English 0115 GMT 5 Apr 86

[Text] Tokyo, 5 Apr (KYODO)--Prime Minister Yasuhiro Nakasone will visit Washington April 12-14 to reconfirm his "Ron-Yasu" relationship to ensure the smooth unfolding of the Tokyo Summit of seven industrial democracies May 4-6, government officials said Saturday.

Nakasone's visit to the U.S., the fifth since he became prime minister, is aimed at reasserting and solidifying the bonds of friendship and mutual trust with Reagan, the officials said.

Nakasone is expected to seek U.S. "understanding" of Japan's efforts to open its market to foreign goods and services and thus to increase imports from the U.S., they said.

Japan had a record 49.7 billion dollar surplus with the U.S. in 1985, according to U.S. statistics. The trade imbalance has been one of the major bilateral problems, triggering a wave of protectionist sentiment in the U.S. congress. The figure represented a third of the record 149.2 billion dollar global U.S. trade deficit in 1985.

The two leaders will hold two rounds of talks, which are also expected to confirm Japan-U.S. cooperation in tackling global issues including east-west relations, economic assistance to developing countries and the third world debt problem--the issues likely to be on the agenda at the Tokyo Summit.

The success of the summit will be especially important for Nakasone, who is widely speculated to seek a third term as premier when his current two-year term expires at the end of October, political sources said.

The prime minister will be accompanied by Foreign Minister Shintaro Abe, who will hold a separate meeting with U.S. Secretary of State George P. Shultz, the officials said.

One of Nakasone's scheduled meetings with Reagan is to be held Sunday at Camp David, a presidential resort, demonstrating the close friendship between the two leaders, known as the "Ron-Yasu" relationship.

Nakasone will be the second foreign leader to visit Camp David, an hour-and-a-half drive from Washington, since Reagan became President in 1981. British Prime Minister Margaret Thatcher visited in 1984.

"What the U.S. will expect from Nakasone's trip will be Japan's firm commitment to the solution of bilateral trade issues," one official said.

Protectionist moves in the U.S. are quiet at the moment as the congress is now tied up with such issues as the fiscal 1986 federal budget and tax reform, but they may flare up any time as the basic bilateral trade problem has not been solved yet, officials said.

With some progress having been made on individual trade issues, the two countries now realize that the best way to rectify the trade imbalance is to make Japan's economy more dependent on sales of goods at home than on exports, the officials said.

Nakasone will be armed with a list of measures to be used to expand domestic demand, drawn from a much heralded report prepared by "Keikoken," a private advisory body set up to review Japan's economic structure to promote greater international harmony, and with details of an economy-stimulating package, both to be announced early next week.

Japan Ambassador to Washington Nobuo Matsunaga, who was here last week to prepare for Nakasone's trip, has told reporters that the two leaders will not go into specific problems, but that such issues as new bilateral sectoral trade talks and a proposed increase in Japanese air cargo services to the U.S. had better be solved before the visit.

Apart from the economic issues, Japan's participation in the U.S. strategic defense initiative (SDI) will come up during the Nakasone-Reagan talks, the officials said.

The issue, however, will not figure prominently as Japan has just sent a mission to the U.S. to explore the possibility of Japan's participation in the space-based antimissile project, known as the "Star Wars" program.

U.S. Defense Secretary Caspar Weinberger has called for an early decision on the issue by the Japanese Government. The mission is expected to submit an interim report to Nakasone before he leaves for Washington.

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CSO: 2100/113

POLITICAL AND SOCIOLOGICAL

REAGAN, NAKASONE DISCUSS U.S.-USSR DIALOGUE

OW140529 Tokyo KYODO in English 0522 GMT 14 Apr 86

[Text] Washington, April 13 KYODO--Japanese Prime Minister Yasuhiro Nakasone and President Ronald Reagan agreed Sunday to promote dialogue between the U.S. and Soviet leaders to ensure world peace while continuing close consultations among Western allies.

Japanese officials quoted Nakasone as telling Reagan at their working luncheon at Camp David that failure to continue his talks with Soviet leader Mikhail Gorbachev would adversely affect both Washington and Moscow.

Reagan and Gorbachev have agreed to meet this year, but no date has been set.

Nakasone told Reagan he has obtained information showing Gorbachev is inclined to have a second meeting with the U.S. leader, the officials said. The first meeting took place in Geneva last November.

The prime minister had the impression that Reagan does intend to meet with Gorbachev again, the officials said.

Details of the Nakasone-Reagan talks on East-West relations were not disclosed, but a senior White House official said that a lot of time had been devoted to the issue.

At an earlier Camp David meeting between Nakasone and Reagan joined by the foreign ministers of the two countries and other officials, the Japanese leader thanked him for keeping in close contact with Western allies, including Japan, on U.S.-Soviet disarmament negotiations, the officials said.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

OPPOSITION TO GRILL NAKASONE ON U.S. COMMITMENTS

OW160421 Tokyo KYODO in English 0613 GMT 16 Apr 86

[Text] Tokyo, April 16 KYODO--Four opposition parties decided Wednesday to question Prime Minister Yasuhiro Nakasone on new commitments he made to U.S. President Ronald Reagan to transform Japan's economic structure into one based on domestic demand rather than exports.

The decision by the Japan Socialist, Komeito, Democratic Socialist and Communist parties came the day after Nakasone returned home from two days of talks with Reagan at Camp David and in Washington Sunday and Monday.

The opposition camp is expected to ask the ruling Liberal-Democratic Party to arrange an emergency question-and-answer session for April 22 in both houses of the Diet.

Tsuruo Yamaguchi, chairman of the Socialist Party Diet Steering Committee, criticized Nakasone for making light of the Diet, the nation's supreme legislative body, when he made the commitments to Reagan.

Yamaguchi told a press conference that Nakasone's commitments were based on recommendations made last week by his private advisory panel but not debated by the Diet.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

YOMIURI SHIMBUN INTERVIEWS REAGAN ON SUMMIT

OW120649 Tokyo KYODO in English 0631 GMT 12 Apr 86

[Text] Tokyo, April 12 KYODO--United States President Ronald Reagan has said East-West ties and cooperation against international terrorism as well as measures to speed up the world's economic recovery will be among the major topics for discussion at the Tokyo summit of seven major advanced democracies next month, according to the YOMIURI SHIMBUN newspaper.

Reagan granted an exclusive interview to the YOMIURI, Japan's largest vernacular daily, at the White House Thursday in which he discussed his position at the May 4-6 summit, U.S.-Soviet ties, the situation in Asia, U.S.-Japan ties, trade and economic matters, the YOMIURI said.

Reagan was quoted as saying, "I think some of the things will be a discussion of the relationship of our nations here in the free world with the Soviet Union, and what progress we can all make together with regard to reducing, particularly, the nuclear weapons that now hang over the world as a threat. That will certainly be one very important subject of discussion."

The economic situation of the summit nations will also be a very important issue, he said.

"...It's essential, too, that the leading trading nations of the world, such as those that make up the summit economic conference, that all of us continue our recovery and our expansion, our economic recovery and making economic progress, provide more employment," Reagan said.

Reagan replied emphatically to a question on whether he would take up the issue of concerted action against terrorism, saying "that will very definitely be a subject for discussion."

Calling international terrorism "this very cowardly, but very cruel and damaging practice," he said that "only by working together" could it be wiped out.



The president said, "We've been improving our relationship in exchanging intelligence information about terrorist threats. And last year, it's little known, but last year we were able to abort and cut off, prevent from happening, 126 terrorist operations."

Referring to Prime Minister Yasuhiro Nakasone's visit to Washington this weekend, he said, "The prime minister and I will be discussing our own bilateral trade situation."

He described the relationship between Japan and the U.S. as "strong, vital and healthy," and added, "I think we share a great responsibility in the future of the whole Pacific basin there."

Reagan praised Japan's efforts to assist developing countries, particularly in Asia, and expressed the hope that Japan will continue to take a more global view in expanding its assistance programs to other vital regions, the YOMIURI said.

Reagan said the United States will continue to support the strategy of ASEAN (The Association of Southeast Asian Nations) for bringing about a Vietnamese pullout from Kampuchea and also shared ASEAN's commitment to a free market system.

Reagan is to meet leaders of ASEAN, which groups Malaysia, Thailand, Singapore, Indonesia, the Philippines and Brunei, in Bali, Indonesia, before going to Tokyo to attend the summit.

"ASEAN is the central pillar of U.S. policy in Southeast Asia and an impressive example of cohesion and common purpose," Reagan said.

The United States wants to help the new Philippine Government of President Corazon Aquino meet pressing financial needs and bolster the efforts of democratic forces in the Philippines to address the serious economic and security challenges facing them, he said.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

NAKASONE TO STRESS EAST-WEST ISSUES AT SUMMIT

OW290317 Tokyo KYODO in English 0314 GMT 29 Mar 86

[Text] Tokyo, 29 Mar (KYODO)--Prime Minister Yasuhiro Nakasone is proposing comprehensive discussions about east-west relations and other political issues during the Tokyo Summit in May, according to senior foreign ministry officials.

A high-ranking foreign ministry official said Nakasone expressed his intentions during Friday's first full-scale Tokyo Summit study session with foreign ministry officials.

Although annual economic summits of leaders of seven major democracies are primarily intended to tackle trade, exchange rates and other economic issues, the gatherings have taken on a strong political tone in recent years.

Nakasone's remark Friday about political dialogue during the Tokyo Summit May 4-6 apparently mirrors the longtime premier's desire to ensure the summit's success by calling for western solidarity, ministry officials said.

The officials noted that Nakasone and leaders of the United States, Canada, Britain, France, Italy and West Germany are more forthcoming in underscoring western unity vis-a-vis the Soviet Union than economic issues over which they have divergent views.

/9738

CSO: 4100/113

## POLITICAL AND SOCIOLOGICAL

### GOVERNMENT SOURCES LIST SUMMIT AGENDA ITEMS

OW291101 Tokyo KYODO in English 1038 GMT 29 Mar 86

[Text] Tokyo, 29 Mar (KYODO)--Four economic issues, including ways to achieve sustained economic growth, will be the main subjects of discussion at the Tokyo Summit of western industrialized democracies May 4-6, government sources said Saturday.

The agenda has been agreed in a series of preparatory sessions held by representatives of the seven participating nations--Britain, Canada, France, Italy, West Germany, the United States, and host country Japan.

The agenda will include:

- economic policies of advanced nations aimed at maintaining sustained economic growth,

- trade problems, including promotion of a new round of multilateral trade talks,

- economies of developing nations, including external debts and trade in primary goods, and

- monetary issues.

A final decision on the agenda will be made at the fourth session of preparatory negotiations to be held in Paris beginning 18 April, the officials said.

The general position of the participants will be made known at the ministerial meeting of the Organization for Economic Cooperation and Development (OECD) in Paris April 17-18, they said.

Spurred by declining crude oil prices, net economic growth for the 24 member nations of the OECD is estimated at 3.25 percent, up a 0.5 percentage point over the original estimate in December last year.

The officials said the main subject of discussion among the economic themes will be the problems concerning economic structures of the participating nations, including slow improvement of industrial structures in European countries, the budget deficit of the United States and Japan's huge trade surplus.

The summit participants will reaffirm their cooperation in promoting the new round of multilateral trade negotiations.

They will emphasize the need for improvement of international balance of payment positions in developing nations plagued by accumulating external debts and revision of the international monetary system, the officials said.

East-west relations following the historic summit between U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev last November, counter-measures against terrorism and Asian-Pacific problems will constitute major issues of political discussions, they said.

Drafting of an economic proclamation at the end of summit talks will also be discussed at the preparatory meeting in Paris, the officials said.

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CSO: 4100/113

POLITICAL AND SOCIOLOGICAL

SUMMIT MEANT TO REDUCE MILITARY, ECONOMIC TENSION

OW140253 Tokyo KYODO in English 0231 GMT 14 Apr 86

[By Shiro Yoneyama]

[Text] Tokyo, April 14 KYODO--The upcoming Tokyo summit of seven industrial countries will take on a more political hue than past gatherings, reflecting the thinking of President Ronald Reagan and the host, Prime Minister Yasuhiro Nakasone.

Since late last year, Nakasone has repeatedly drawn attention to the summit, the first in Tokyo in seven years, and its importance as an occasion to explore steps to revitalize the world economy and deescalate military confrontations.

At the same time, the prime minister has implied that the forthcoming meeting of Western bloc leaders will provide him with the opportunity to sustain his political paramountcy for another year or so.

The annual summit of leaders of the United States, Canada, Britain, France, Italy, West Germany and Japan, the 12th in a series that started in the chateau de Rambouillet in France in 1975, takes place against the backdrop of Japan's chronic trade surpluses with summit member countries.

Japan's angry trading partners abroad may call the Tokyo meeting a "Japan problem" summit.

Nakasone has taken steps to prevent the other leaders from making the gathering a kangaroo court on the Japanese Prime Minister's own turf by pledging to restructure the nation's export-led economy and trim its trade surpluses along the way.

He explained his government's plan to implement measures recommended by a 17-member advisory body when he met U.S. President Ronald Reagan at Camp David in Maryland Sunday, and the two leaders agreed to initiate a "dialogue" on reform of Japan's economic structure.

U.S. Defense Secretary Caspar Weinberger made the most recent U.S. sales pitch on the project to the consensus-oriented Japanese Government during his recent Asian swing.

The U.S.-Soviet summit between Reagan and General Secretary Mikhail Gorbachev later this year is sure to figure prominently along with related topics in Tokyo summit discussions and a series of separate talks between summiteers.

While Reagan will use the occasion to seek support for his arms control initiative from his Japanese and West European allies, Nakasone will be challenged by his trading partners for his country's alleged poor showing in improving Japanese domestic standards of living and boosting imports via pump-priming measures.

Foreign Minister Shintaro Abe has recalled that during last year's ministerial meeting of the Organization for Economic Cooperation and Development (OECD) he had to argue for over six hours against a communique that would have described the Japan problem as creating "tension" in relations with the United States and Western Europe.

In sharp contrast to the previous summit here in 1979, when the industrial west was hard hit by the second oil crisis, the upcoming Tokyo summit has to deal with falling oil prices and their impact on oil-producing debtor countries.

"Its sort of a reinforcement (of the Japanese economy) but definitely not a divine wind," a senior Foreign Ministry official said of declining oil prices, which have most benefitted resource-poor countries like Japan and West Germany.

He argued that Japan, which imports most of its oil, has conducted an effective energy conservation program and has been actively developing alternative sources of energy.

The summiteers will spend less time in debating monetary issues during the upcoming summit than previously, now that the emergency [word indistinct] meeting in New York last September has led to what monetary authorities consider more favorable exchange rates in the U.S., Japan and Western Europe.

The big seven and the EC will agree on the continuing fight against protectionism in view of the huge U.S. trade deficit, the delay in economic restructuring and high unemployment rates in many West European countries.

"We can declare the Tokyo summit a success if the participating countries can reaffirm their political commitment to a new trade round," said a leading economic affairs specialist in the Foreign Ministry. "Its our No 1 target."

Member countries of the General Agreement on Tariffs and Trade (GATT) are to hold a ministerial meeting in September to formally launch new global trade liberalization talks.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

KYODO VIEWS ASIAN EXPECTATIONS OF TOKYO SUMMIT

OWL70555 Tokyo KYODO in English 0520 GMT 17 Apr 86

["(Background): ASEAN, S. Korea Have High Expectations for Tokyo Summit"--  
by Suvendrini Suguro]

[Text] Tokyo, April 17 KYODO--Expectations are high among the Association of Southeast Asian Nations (ASEAN) and South Korea for the forthcoming Tokyo summit to give a fair hearing to their economic problems.

Former Vice Foreign Minister Ryoze Sunobe, who has toured the six-nation ASEAN and South Korea as a special Japanese Government envoy, reports he received strong requests for rich countries to help out in easing the burden of their external debts and declining export markets.

ASEAN groups Thailand, Malaysia, Singapore, Indonesia, the Philippines and Brunei.

ASEAN representatives in Tokyo reaffirmed this request. "Through the discussions during the summit we expect world leaders to promote plans that will revitalize the world economy," said an ASEAN diplomat here. "The ASEAN economy is dependent on an open trade exchange with the developed world, and unless they achieve a balance between themselves we will be badly affected as well."

Thai Embassy Minister Sarasin Virphol [name as received] said: "Previous summits have not resulted in advantages for the ASEAN. There has been a tendency for the world leaders to ignore Third World countries. But our economies at present are growing faster than most other regions and so we can no longer be ignored."

"Requests for better loan assistance, technological help, investment priorities and guarantees that their export markets be given stabilization in the world economy have been customary, but this time are even stronger," said Sunobe.

Japan, recognizing the importance of giving a hearing to the ASEAN at the Tokyo summit, is awaiting an ASEAN memorandum which will put forward their requests, he said.

Representing the ASEAN, Philippines will present the document to host Japan and six summit countries, said the same ASEAN diplomat who declined to be named. It identifies ASEAN concerns and outlines the moves the seven major dialogue partners should make to reshape their economies.

"Increasing protectionism among the developing countries is leading to a global economic crisis which is affecting our economies," the ASEAN diplomat said.

"We expect Japan, which has an overwhelming trade surplus with the United States and Europe, to take concrete steps to reduce this imbalance and ease protectionist sentiment in the West," he said.

Sunobe, who visited South Korea last month and had discussions with officials to find out their views on the summit, said: "The Korean economy has progressed vastly these past few years and prospects are looking even better for them."

"With the yen's appreciation against the won, Korean exports especially to the Asian region will increase. South Korea's external debts are also decreasing, which is a good sign for future progress of its economy," Sunobe added.

Jung Gum Chung [name as received], first secretary of the South Korean Embassy, seemed to have a different viewpoint.

"South Korea cannot be labeled a newly developed country as is the opinion now," he said. Echoing the ASEAN request, he reasserted South Korea's dependence on free trade and stable prices for its exports.

"Unless these conditions are guaranteed, we will never be able to pay back our debts," he said.

The ASEAN and South Korea agree not only loans from the International Monetary Fund and World Bank but also more bilateral loans have to be encouraged from the developed world for their economic progress.

The debt problem is a burden to their economies, and it is only through increased investment in developing countries and more exports to industrialized countries that their survival will be possible, said the Asian diplomats.

Sunobe said even though no definite solutions will be reached at the forthcoming summit, these problems will definitely be discussed by the seven leaders.

"In addition there is no doubt that the Tokyo summit is giving a special importance to Asia," he said, explaining the mere fact that it is held in an Asian country brings this area into focus.

"U.S. President Ronald Reagan is scheduled to visit Bali where he will meet ASEAN leaders, British Prime Minister Margaret Thatcher will visit South Korea and West German Chancellor Helmut Kohl will be in Thailand. All trips coinciding with their attendance of the summit," he said.

The ASEAN and South Korean diplomats said Japan is the only Asian representative and so they expect it to look after their interests at the summit.



POLITICAL AND SOCIOLOGICAL

POLICE TO FURTHER TIGHTEN SUMMIT SECURITY

OW140239 Tokyo KYODO in English 0228 GMT 14 Apr 86

[Text] Tokyo, April 14 KYODO--National Police Agency director, General Hideo Yamada Monday told a meeting of senior police officials that agency personnel across the country should make their best efforts to help the government bring off upcoming state ceremonies and international functions without trouble or danger to VIPs.

Officials said after the meeting that Yamada stressed the need to further tighten measures against ultra-leftist groups who oppose the April 29 state ceremony marking the 40th anniversary of Emperor Hirohito's ascension and the Tokyo summit of the seven industrialized democracies May 4-6.

Yamada also said the agency should gather information on the movements of domestic terrorist groups as well as the possible infiltration into Japan of those outside the country, either foreign or Japanese in exile, such as the Japanese Red Army.

Police will increase their strength from 20,000 to 30,000 men daily to contain further leftist attacks.

This follows a series of rocket bomb attacks in Tokyo and Osaka by the groups, who have described the ceremonies as the year's biggest targets and repeatedly vowed to disrupt them.

Rocket-propelled shells were fired against the Imperial Palace and the United States Embassy March 25 and against the Osaka Prefectural Police Headquarters March 28. There was no injury or major damage in either attack.

Prime Minister Yasuhiro Nakasone had earlier instructed police to take a low-profile approach in security checks to ensure public support.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

SUMMIT TO ISSUE PACIFIC-ATLANTIC STATEMENT

OW030931 Tokyo KYODO in English 0902 GMT 3 Apr 86

[Text] Tokyo, April 3 KYODO--Cooperation between Pacific and Atlantic countries will be declared in a general statement to be issued at the end of the Tokyo summit of seven Western democracies, Japanese Government sources said Thursday.

Prime Minister Yasuhiro Nakasone, host of the 12th economic meeting, is an advocate of greater cooperation between the two regions.

East-West relations centering on nuclear arms control, the situation in the Philippines and Latin America and international terrorism will be other noneconomic subjects of discussion during the May 4-6 conference, the sources said.

They said Nakasone as chairman of the meeting will refer to the problems in a summary of the summit talks.

The sources said Nakasone, as leader of the only Asian country in the club of seven countries, would also like to discuss the situation in Korea and Kampuchea.

The six other summit members are the United States, Canada, Britain, West Germany, France and Italy. The European Common Market is also represented in the annual conference.

Personal representatives of the presidents and prime ministers of the seven countries will meet in Paris later this month to decide on the agenda for the summit, the sources said.

The sources said political discussion at the Tokyo summit is expected to focus on analysis of the Soviet leadership and diplomatic and military policies of communist party leader Gorbachev.

The Tokyo summit is the first conference of the big seven to be held since the meeting between Gorbachev and U.S. President Ronald Reagan last November, the first between leaders of the two superpowers in more than six years.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

NAKASONE ON FORMING PHILIPPINE-JAPAN COMMITTEE

OW091235 Tokyo KYODO in English 1219 GMT 9 Apr 86

[Text] Tokyo, April 9 KYODO--Prime Minister Yasuhiro Nakasone said Wednesday he is in favor of establishing a joint Philippine-Japan committee to help resume Japanese aid to the Philippines and examine future aid policy.

In a meeting with Democratic Socialist Party (DSP) Chairman Saburo Tsukamoto, Nakasone said he believes it is worth studying Tsukamoto's proposal to establish the committee, to be composed of Japanese and Filipino officials and representatives of the private sector.

Tsukamoto recently returned from an Asian tour which included the Philippines, where he was assured of the Philippines' support for the Japanese Diet's effort to probe the allegedly hidden wealth of deposed President Ferdinand Marcos.

Nakasone, however, was rather reluctant to support Tsukamoto's proposal that Japan should invite Philippine Minister Jovito Salonga and his commission team to jointly investigate Japanese firms allegedly involved in shady deals during the Marcos administration.

Nakasone told a Diet session Wednesday that Japan should not be in haste to release its frozen economic aid to the Philippines and should reopen it after due process.

Meanwhile, the ruling and opposition parties Wednesday again failed to agree on the establishment of special committees in both houses of the Diet to probe Japanese firms' suspected involvement in Marcos' alleged scandal-ridden financial affairs.

The matter was left for further discussion on Thursday.

The ruling Liberal-Democratic Party again proposed that the committees should be asked to investigate economic aid to the Philippines alone while the top opposition Japan Socialist Party insisted that the committees should aim at investigating Japanese foreign assistance in general "as symbolized by the Marcos scandal."

Nakasone reiterated his pledge that the government will ask the Philippines to cooperate with Japan in the probe, however, on the condition that the Diet demands his government do so.

He told a joint committee meeting of the Lower House that the Diet has to first find out exactly which Japanese firms were involved.

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CSO: 4100/119

POLITICAL AND SOCIOLOGICAL

FURTHER REPORT ON JAPANESE LOANS TO PHILIPPINES

OW110625 Tokyo KYODO in English 0554 GMT 11 Apr 86

[Text] Manila, April 11 KYODO--Daza also said a fake telex was sent under the name of Salonga to the Overseas Economic Cooperation Fund (OECF) in Tokyo requesting suspension of Japan's 13th yen loan to the Philippines.

Daza said the telex was sent Sunday to Enzo Kuroda, an OECF senior official in charge of Philippine affairs, asking for a freeze of the yen loan so it could be reviewed.

The commission was trying to discover who sent the telex, which it suspected was aimed at disturbing its probe into the Japanese payments to Marcos, Daza said.

The telex listed the serial numbers of 11 loan project contracts and named Oscar Rodriguez, former Philippine vice minister of public works and highways and key figure in the Marcos case.

The telex also said the commission was investigating Rodriguez and Andres Genito, president of Angenit Investment Corp., and will investigate Japanese involved in the Marcos case.

The OECF, skeptical about the telex, referred it to the National Economic Development Agency in Manila, the Philippines' office in charge of Japanese yen loan projects.

Japan and the Philippines exchanged notes on the yen loan last year-end but Japan later froze the loan due to the change of government in the Philippines.

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## POLITICAL AND SOCIOLOGICAL

### CENTRIST PARTIES FEAR POSSIBLE SNAP ELECTION

OW110631 Tokyo KYODO in English 0534 GMT 11 Apr 86

[By Antonio Kamiya]

[Text] Tokyo, April 11 KYODO--The opposition centrist parties are becoming increasingly worried about the prospects of a snap election that Prime Minister Yasuhiro Nakasone may call this summer.

Nakasone has consistently denied that he has any plan to dissolve the Lower House and call an election to go along with polling for the Upper House scheduled in June, but in a sudden turn-around, he hinted to reporters Thursday that a double election would be fine with him.

The objection to a snap election of the powerful Lower House, the House of Representatives, comes most strongly from the centrist parties, which fear that they would be hamstrung by the superior financial strength of both the ruling Liberal-Democratic Party (LDP) and the top-opposition Japan Socialist Party (JSP).

They argue that to hold an election on the same day simultaneously for the two houses of the Diet would violate the constitution and cite a memorandum authored by a former speaker of the House in support of their argument.

Penned by Shigeru Hori and released shortly after his death in 1979, the "Hori memorandum" argues that the Lower House should not be dissolved unless there is a deadlock in the Diet or the government wishes to obtain a new mandate on a major policy issue.

The centrist parties argue that there is no major policy dispute that warrants a snap election, an argument that finds support among Nakasone's rivals within the LDP.

In a move to publicize their objection, Komeito and the Democratic Socialist Party reprinted the Hori memorandum and distributed the document not only to the media but also to both LDP and JSP Diet members.

While the Socialists are publicly saying they too object a "double election," political sources say the Socialists are willing to stand and fight, in a bid to bolster their parliamentary strength. The gain, they argue, should come at the expense of the centrist parties and the communists, if not from the ruling LDP.

JSP leaders also seem to be soft-peddalling their objection to the prospects of the double election.

In an interview with KYODO News Service Thursday, JSP Chairman Masashi Ishibashi said, "We should be prepared for such an eventuality since (Nakasone) can force through a dissolution if he really wants it."

Ishibashi also indicated his party could even force Nakasone's hand by tabling a no-confidence motion in the Lower House.

"However, this is not a question that should be decided at this point in time," he said.

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POLITICAL AND SOCIOLOGICAL

SURVEY SAYS JAPAN MOVING IN RIGHT DIRECTION

OW130845 Tokyo KYODO in English 0819 GMT 13 Apr 86

[Text] Tokyo, April 13 KYODO--A government survey, conducted late last year and released Sunday, found 39.7 percent of Japanese believe Japan is moving in the right direction, the highest figure in seven years.

This was slightly up from 39.3 percent found in the previous survey in 1984, according to the prime minister's office which annually gauges the people's social consciousness.

Those saying Japan is taking a wrong course dropped from 26.8 percent to 25.5 percent, according to the survey.

The 1982 survey, conducted shortly after Prime Minister Yasuhiro Nakasone took office, found 26.1 percent of the people looking at Japan's future positively, compared with 38.8 percent responding negatively.

Normally, more people say Japan is moving in the right direction when a new government is installed.

The latest survey covered 10,000 men and women aged 20 or older. About 7,800 responded.

Those positive about Japan's future cited its economic power, standards of social welfare, diplomacy, science and technology and public security as major reasons, according to the survey.

Meanwhile, Japan's defense policy, commodity price rises, the social climate, educational situation and social welfare were most frequently mentioned as reasons that Japan is moving in a wrong direction.

The survey also found:

--only 36.4 percent of the people think their voice is effectively reflected in government policies;



--about 47 percent say they want to contribute to society;

--only three out of 10 of the respondents say they like to live in a foreign country for a couple of years, but more than a majority of those in their 20s, managerial positions, engineers and office employers say they have such a desire.

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## POLITICAL AND SOCIOLOGICAL

### DIET TO BEGIN MARCOS PAYOFF PROBE 23 APRIL

OW171159 Tokyo KYODO in English 1124 GMT 17 Apr 86

[Text] Tokyo, April 17 KYODO--The Diet will start grilling the government starting next week on alleged Japanese payoffs to ousted Philippine President Ferdinand Marcos, political sources said Thursday.

The probe will be held at both houses of the Diet, with the Lower House ad hoc committee on economic aid to the Philippines kicking off the proceedings on Wednesday.

An equivalent panel at the House of Councillors, the Upper House, will follow up on next Thursday.

This itinerary of the Diet proceedings was decided Thursday by ranking members of the two house panels, party officials said.

Government officials scheduled to testify at both Diet committees include Foreign Minister Shintaro Abe, Finance Minister Noboru Takeshita, International Trade and Industry Minister Michio Watanabe and Economic Planning Agency Director General Wataru Hiraizumi.

Taku Hosomi, president of the Overseas Economic Cooperation Fund (OECF) will also testify as witness, political sources said.

The committee is expected to grill the government on alleged kickbacks made to Marcos, or his cronies, by Japanese firms in return for padded contracts they won for development projects in the Philippines financed by the OECF.

Japanese opposition parties have already launched their own probe into the allegations, and fact-finding missions they sent to the Philippines have returned home with documents outlining questionable deals with Marcos cronies.

The opposition parties say they will try to find out precisely how the payoffs were made and to determine whether there were any kickbacks made to Japanese politicians.

The opposition parties also say they may summon senior executives of those Japanese firms involved in Philippine construction projects to testify at the Diet, but the ruling Liberal-Democratic Party is said to be negative about the idea.

The issue is expected to become a major point of contention in the Diet, political sources said.

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POLITICAL AND SOCIOLOGICAL

ABE NOTES GOVERNMENT INTEREST IN MARCOS DOCUMENTS

OW200547 Tokyo KYODO in English 0543 GMT 20 Mar 86

[Text] Tokyo, 20 Mar (KYODO)--Foreign Minister Shintaro Abe said Thursday that Japan is interested in information, linking Japanese firms to ousted Philippine President Ferdinand Marcos.

Abe, who made the comment in a lower house foreign affairs committee meeting, said, "the Japanese Government can't help but be interested in the disclosure of (the names of) Japanese firms," adding that the government will undertake a study of the case following an official announcement in Washington scheduled for Thursday.

The comment, in reply to a question by Socialist Tamio Kawakami, follows reports that a number of Japanese firms are listed on a summary of commissions paid by foreign firms to Marcos associates, included among documents now under study by a U.S. congressional committee.

In reply to another question by Komeito member Kazuo Torii, Abe said that Japan will request information from the Japanese Government and other sources, adding that it is not clear if Japanese economic aid was misused by the former Marcos Government.

U.S. congressional sources disclosed Wednesday the names of two Japanese firms, Marubeni and Toyo, included on the list. But a NEW YORK TIMES report the same day said the three major trading houses of Sumitomo Corp., Kanematsu-Gosho Ltd. and Kawasho Corp. were also named on the list. Toyo Corp., manufacturer of precision measuring devices, and Freight Forwarder Ace Lines were also included in the report.

Japan's fourth major trading house, Marubeni Corp. is noted for its ties to Marcos which are reputedly the closest of all Japanese firms with interests in the Philippines.

Marubeni's import-export transactions for the Philippines average an annual U.S.\$500 million, according to reports. At present, Marubeni has 28 Japanese representatives stationed in the Philippines, as well as 60 local employees on its staff. Merger ties with local firms, including a copper refinery and general construction company, total 11.

Moreover, the Philippine Government owes the trading firm U.S. \$580 million in return for equipment and plants. A Marubeni public relations official told KYODO News Service that the company pays regular management commissions for its Philippines operation, adding that payment of "kickbacks" is not a prerequisite if one wants to conduct business.

The latest disclosure may bring a second scandal for Marubeni, which was involved in the Lockheed payoff scandal in the 1970's. Former Prime Minister Kakeui Tanaka has been on trial for allegedly receiving 500 million yen from the U.S. aircraft maker via Marubeni corp.

But the firm is not the only Japanese concern operating in the Philippines. Since Marcos won the presidency in 1965, Japan's finance ministry was reported to have contributed an estimated 800 million yen to Japanese companies doing business there.

Under Marcos's industrialization plan numerous mergers between Japanese companies and firms owned by Marcos "cronies" were set up in the fields of copper, steel and automobile manufacturing.

An official announcement by the U.S. Congressional Foreign Affairs Committee is expected shortly to reveal the names of numerous Japanese firms with Marcos ties.

The Reagan Administration Tuesday turned over to Philippine officials and Congress copies of 2,300 pages of documents which allegedly link Marcos to widespread "plundering" of national and private assets.

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CSO: 4100/113

POLITICAL AND SOCIOLOGICAL

ABE SAYS IMPERIAL VISIT TO CHINA 'POSSIBLE'

OW200245 Tokyo KYODO in English 0159 GMT 20 Mar 86

[Text] Tokyo, 20 Mar (KYODO)--Foreign Minister Shintaro Abe hinted Thursday a visit to China by a member of the imperial family is possible after Crown Prince Akihito's projected trip to South Korea this fall. Abe dropped the hint during a news conference following a cabinet meeting.

"There has been no official invitation from China to Emperor Hirohito to visit the country up until now," the foreign minister said in connection with reports from Beijing that China would welcome a visit by the emperor.

He noted that he has heard from other sources that the Chinese would like to invite the emperor or his surrogate to their country, "but we have not reached a stage where we are ready to start talks through diplomatic channels," he added.

Asked if a member of the imperial family may visit China after the crown prince's visit to South Korea, Abe responded, "Yes, it's possible."

Emperor Hirohito, now 84, has not gone abroad since his 1975 trip to the United States because of health reasons. But the governments in Tokyo, Seoul and Beijing are believed to be anxious to make political use of a royal visit to help ease historical enmity in China and Korea over Japan's previous occupation of the two countries.

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CSO: 4100/113

POLITICAL AND SOCIOLOGICAL

PRC SAYS IT WOULD WELCOME EMPEROR'S VISIT

OW191217 Tokyo KYODO in English 1205 GMT 19 Mar 86

[Text] Beijing, 19 Mar (KYODO)--China said Wednesday it would welcome a visit by Japan's Emperor Hirohito. In Tokyo, government sources responded by saying Tokyo is studying the possibility of a visit to China by a member of the imperial family.

A Chinese Foreign Ministry spokesman, meeting foreign correspondents at a regular weekly press conference, said a China visit by the emperor has not taken place so far for reasons on the part of Japan.

He said China hopes the Tokyo Government will be able to find a solution to the problems blocking such a visit "when the time is ripe."

The official noted that the emperor himself had expressed a hope of visiting China as far back as 1975--three years after diplomatic relations were restored between the two countries.

A Chinese Government source told KYODO News Service that China would welcome a visit by Crown Prince Akihito if the emperor, who is 84, cannot undertake the trip because of health reasons.

The Chinese Ambassador to Japan, Zhang Shu, first raised the possibility of a China visit by a member of the Japanese imperial family when he told reporters in Tokyo last week that China was taking a "forward looking" stand on the trip.

He also acknowledged that a visit by the crown prince had been discussed privately between Chinese and Japanese officials.

In Tokyo, sources at the imperial household agency said Sino-Japanese ties have developed to such a point that "it should not be strange" if a member of the imperial family pays a visit to China.

The sources also said it is most likely that Crown Prince Akihito and his wife Princess Michiko would make a trip on the emperor's behalf because of his advanced age.

In an interview with the U.S. newsmagazine TIME prior to his September 1975 trip to the United States, the emperor said he would be happy to visit China if he had a chance of doing so after the two countries sign a friendship treaty. The pact was signed in 1978.

Since then the emperor has repeated his wish to make a China trip at subsequent news conferences. The emperor expressed Japan's apologies concerning the war Japan waged on China during an audience in 1983 with then Vice Premier Deng Xiaoping, referring to the "unfortunate" historical period in the centuries-long ties between the two countries.

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POLITICAL AND SOCIOLOGICAL

NAKASONE DETERMINED TO CARRY OUT REFORM

OW271211 Tokyo KYODO in English 1200 GMT 27 Mar 86

[Text] Tokyo, 27 Mar (KYODO)--Prime Minister Yasuhiro Nakasone Thursday reaffirmed his determination to carry out administrative and fiscal reform, and attain the goal of ending deficit-covering bond issues by fiscal 1990.

He also told Yoshihiro Inayama, chairman of the Federation of Economic Organizations (Keidanren), that the government will complete a plan for tax cuts by the end of next month and submit a related bill to the Diet this autumn for revision of the tax system. The idea is to correct an imbalance in the current tax system, he said.

Inayama urged the prime minister to carry out a sweeping review of the tax system which Keidanren has proposed. He said the proposal had been worked out within the framework of a policy of reconstructing the deficit-laden national finances without tax increase. That policy had been recommended by a government advisory body on administrative reform.

Inayama also called for relaxation of the present progressive tax system and a cut in corporate tax. He also warned that any increase in the flotation of national bonds will undercut efforts for fiscal reconstruction.

Prime Minister Nakasone said this week the government has a "free hand" in the flotation of construction bonds as distinguished from deficit-covering bonds.

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## POLITICAL AND SOCIOLOGICAL

### KYODO POLL SHOWS NAKASONE CABINET LESS POPULAR

OW291125 Tokyo KYODO in English 1114 GMT 29 Mar 86

[Text] Tokyo, 29 Mar (KYODO)--Popular support for Prime Minister Yasuhiro Nakasone's cabinet has fallen to 55.8 percent from 57.3 percent last December, according to a recent nationwide opinion poll conducted by KYODO News Service.

The poll showed that those who do not support the cabinet also rose slightly to 32.9 percent from 32.1 percent in the previous poll.

The latest poll covered 3,000 people aged 20 or over in 250 places across the country. They were questioned Tuesday or Wednesday and the response rate was 68.9 percent.

The cabinet's popularity rating has been declining since it reached a peak of 59.6 percent in a KYODO poll conducted last September, but is still on a high level.

The poll was the 14th conducted on the cabinet of Nakasone, whose second two-year term is due to expire in October.

Most of these who said they support Nakasone's cabinet did so for negative reasons such as the lack of a suitable person to replace him as prime minister, the poll said.

Support for the cabinet among men rose to 60.6 percent from 57.2 percent in the previous poll, while the ratio of women supporters dropped to 51.5 percent from 57.3 percent.

Regarding political parties, the ruling Liberal-Democratic Party's (LDP) popularity dropped to 50.9 percent from 57 percent while the opposition camp's popularity was 24 percent, the same as in the previous poll.

Among opposition parties the Japan Socialist Party was supported by 12.5 percent (12.3 percent in the previous poll), Komeito 4.7 percent (4.5 percent), the Democratic Socialist Party 3.7 percent (3.4 percent) and the Japan Communist Party 2.5 percent (2.9 percent).

The New Liberal Club, a minor conservative party forming a coalition government with the LDP, was supported by 1.7 percent (1.1 percent) and the United Social Democratic Party (Shaminren) by 0.6 percent (0.5 percent). Those supporting no particular party rose from 15.8 percent to 20.1 percent.

Commenting on the results of the poll, LDP officials said it shows that the party is benefiting from the cabinet's continuing high level of popularity, while the opposition attributed the steady decline in cabinet's popularity to the government's failure in economic policies.

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POLITICAL AND SOCIOLOGICAL

JAPANESE RADICALS IN PYONGYANG PLAN RETURN HOME

OW170917 Tokyo KYODO in English 0909 GMT 17 Apr 86

[Text] Pyongyang, April 17 KYODO--Two leaders of a Japanese radical group who hijacked a Japan Air Lines (JAL) jet to Pyongyang in 1970 have said here they are determined to return to Japan "at all costs."

"We know (Japanese authorities) will arrest us and put us in prison when we return to Japan," Takahiro Konishi told a group of visiting Japanese reporters.

"We do not care," Konishi added during an hour-long interview held in a Pyongyang hotel.

Konishi, a former University of Tokyo student, was one of nine Japan Red Army commandos who forced a Fukuoka-bound Japan Air Lines plane to the capital of North Korea in March 1970.

One of them died last year due to illness.

The radicals previously said they will not allow Japanese authorities to arrest them.

Japan does not have diplomatic relations with North Korea.

Konishi, 41, was accompanied by Moriaki Wakabayashi, 39, spokesman for the group of radicals.

"We planned to go abroad to learn military skills and deliberate (the possibility of) a revolution in Japan from outside (at the time of hijacking)," Konishi said but added, "we have now abandoned the strategy."

He said: "We have been fighting to make Japan better. The present situation in Japan dictates us more than ever before to return to Japan to continue our struggle. We are determined to return to Japan at all costs."

But this does not mean they will surrender to Japanese authorities, according to Wakabayashi.

"We will prove we are not guilty in a legal battle in Japan," Wakabayashi said.

Both Konishi and Wakabayashi admitted that their determination to return to Japan is not unanimously supported by all members of the group.

"We will return to Japan on our own free will, in a not distant future, with cooperation and advice both from Japan and North Korea," Konishi said.

He did not elaborate on how or when.

Konishi said the eight commandos are living together near Pyongyang, doing translation and other work.

"We also edit regular reports of our group and take part in study sessions of (North Korean) President Kim Il-song's political philosophy," Wakabayashi said.

"We are busy everyday," he added.

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POLITICAL AND SOCIOLOGICAL

ZUSHI CONFIRMS PRO-U.S. HOUSING PROJECT COUNCIL

OW070453 Tokyo KYODO in English 0439 GMT 7 Apr 86

[Text] Zushi, Kanagawa Pref, 7 Apr (KYODO)--Candidates supporting a U.S. Navy housing scheme in a local wooded spot near the town of Zushi won a majority in the 26-assembly seat election held Sunday (6 April), according to officials here Monday.

By noon on ballot-opening day, local election commission officials confirmed that the 14 pro-housing candidates running in the election each won a seat to capture a decisive majority in the municipal election.

Despite capturing 55 percent of the total votes, 19 antidevelopment contenders lost a bid to control the assembly and, consequently, to oppose the development plan.

Over 76 percent of Zushi's 46,000 eligible voters went to the polls for the third time in just five weeks to vote for the 33 candidates running in the election organized after citizens recalled the former pro-development assembly in a 2 March referendum.

Although antidevelopment candidates had captured 17,000 or 54.9 percent of the electoral votes as of noon Monday, the 14 pro-housing contenders took the highest concentration of votes to secure a majority in the municipal assembly.

The election result is a victory for local citizens who support the construction of a 920-unit housing complex for some 4,200 U.S. military personnel and their dependents in the Ikego Hills district in Zushi, located some 50 kilometers southwest of Tokyo and only 8 kilometers from the U.S. Naval base of Yokosuka.

The national government, which has maintained it will proceed with the project regardless of election results because of the need to alleviate a U.S. forces housing shortage, promised medical and community center incentives for Zushi if it approved the housing plan.

Environmentalists and local housewives, however, have waged a three-year battle to oppose the development scheme, which they claim will destroy a valuable green spot in the over-developed Tokyo-Yokohama region.

Mayor Kiichiro Tomino won a 1984 election against former Mayor Torayoshi Mishima on a pledge to oppose the Ikego housing plan. On 2 March, Tomino supporters won a referendum to recall the old assembly in which 14 members, a majority, opposed Tomino and favored the development plans.

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## POLITICAL AND SOCIOLOGICAL

### BRIEFS

ABE TO VISIT USSR--Nojiro, Akita Pref, 6 Apr (KYODO)--Foreign Minister Shintaro Abe said here Sunday he was preparing for a visit to the Soviet Union, probably at the end of May. He said he will visit Moscow even if the House of Representatives is dissolved at the end of its current session in the middle of May. Japan and the Soviet Union are setting a date for the visit, he said. Agriculture, Forestry and Fisheries Minister Tsutomu Hata will visit the Soviet Union before Abe to seek a settlement in Japan-Soviet fishery negotiations, and Abe said he will decide the date of his trip based on the outcome of Hata's journey. Abe was in Akita Prefecture in support of new candidates in the coming election for the House of Councillors, the upper of the Diet's two houses. [Text] [Tokyo KYODO in English 0803 GMT 6 Apr 86 OW] /9738

SOVIET SAILOR'S PLEA--Tokyo, 18 Mar (KYODO)--The United States has not responded to a Japanese inquiry about a 33-year-old Soviet sailor seeking asylum in the United States after being rescued last month north of Japan, officials said Tuesday. Foreign Ministry officials speculated that the U.S. is prepared to accept Valeriy V. Polyanin, a hand aboard the Soviet fishing vessel MYS Babushkina, as a refugee. The U.S. Embassy in Tokyo has declined comment on his status or when he might be allowed to fly to the United States. Poljanin was picked up from a rubber liferaft by a Japanese fishing boat off Aomori Prefecture in northern Honshu 14 February. He told Foreign Ministry and other Japanese officials that he wants to go to the United States "to study arts." [Text] [Tokyo KYODO in English 0259 GMT 18 Mar 86 OW] /9738

SUMMIT'S ANTITERRORISM DECLARATION--Tokyo, 19 Mar (KYODO)--A declaration to combat international terrorism is expected to be issued at the upcoming Tokyo Economic Summit meeting in May, government sources said Wednesday. The sources said the decision to make a declaration was based on the strong wishes of the United States, which regards the struggle against international terrorism as a pillar of its foreign policy. The seven government leaders represented at the Tokyo Summit are expected to pledge their commitment to work together in dealing with international terrorism, the sources said. They said the summit nations have been able to work out an antiterrorism declaration because of a shift in French policy. France had previously insisted that the annual summit should stick to economic issues,



but softened its position following the assassination of Swedish Prime Minister Olof Palme, the sources said. [Text] [Tokyo KYODO in English 0949 GMT 19 Mar 86 OW] /9738

USSR VIEW ON ISLANDS---Tokyo, 19 Mar (KYODO)--The soviet Union's view on the four islands off Hokkaido which it has been occupying since the closing days of World War II has not changed, a visiting vice chairman of the Soviet-Japan Society said here Wednesday (19 March). Aleksey Ivanovich Senatorov made the comment in a meeting with Eiichi Nagasue, vice chairman of the Democratic Socialist Party (DSP), and Akira Watanabe, director of the party's international affairs department. According to officials of the opposition party who attended the meeting, Nagasue said that solving the problem of the islands claimed by Japan, the so-called northern territories issue, is important to enable the two countries to regain mutual trust. Senatorov said, however, that any discussion of the issue would amount to a review (of the outcome) of World War II. He extended an invitation for leaders of the DSP to visit the Soviet Union, the officials said. [Text] [Tokyo KYODO in English 1110 GMT 19 Mar 86 OW] /9738

ROK LEADER, ABE MEET--Tokyo, 28 Mar (KYODO)--The leader of South Korea's No. 2 Opposition Korea National Party will visit Japan in early May for talks with Japanese Foreign Minister Shintaro Abe, Foreign Ministry sources said Friday (28 March). Details of Yi Man-sop's itinerary are not yet fixed. Abe will listen to Yi's views about South Korea's domestic political situation, particularly a ruling-opposition showdown over constitutional amendment, the sources said. In South Korea, the No. 1 Opposition New Korea Democratic Party has promoted a campaign calling for constitutional revision to realize a direct presidential election in 1988. However, President Chon Tu-hwan's Democratic Justice Party has proposed amendment in 1989, one year after the 1988 election. [Text] [Tokyo KYODO in English 1126 GMT 28 Mar 86 OW] /9738

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MILITARY

KATO DETERMINED TO CONTINUE ZUSHI HOUSING PLANS

OW250615 Tokyo KYODO in English 0559 GMT 25 Mar 86

[Text] Tokyo, 25 Mar (KYODO)--Koichi Kato, director general of the Defense Agency, Tuesday told Prime Minister Yasuhiro Nakasone that the agency plans to go ahead with a housing project for U.S. servicemen in Zushi, Kanagawa Prefecture, despite strong opposition from local residents.

Kato said in a press conference after talks with Nakasone that they discussed a referendum held Sunday in which Zushi citizens came out in support of Mayor Kiichiro Tomino, who opposes the project.

"It is important to obtain local people's understanding and the agency will make further efforts to persuade them," Kato said. He said he told Nakasone however, that the agency still intends to carry out the plan.

It was wrong to think that the agency did not care about protecting the environment, he added. "I am confident that people will say we have preserved enough greenery in the project area after it is completed," Kato said.

Zushi, a coastal city 48 kilometers south of Tokyo and near the U.S. Navy base at Yokosuka, has been divided for several years over the government's plan to build 920 housing units for about 4,300 U.S. Navy personnel and their families on the site of a former U.S. Navy ammunition depot in the city's Ikego hills district.

Opponents say the proposed housing complex would destroy a nature reserve in the area and Tomino, a pollution specialist, was elected as mayor in November 1984 by citizens opposed to the project. The municipal assembly, which had supported the housing plan, was dissolved in another referendum held 2 March.

However, a number of anti-Tomino citizens launched a drive to recall the mayor, forcing the referendum on 23 March in which Tomino won a majority of the votes cast.

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MILITARY

NETHERLANDS FLEET MAKES NAGASAKI PORT CALL

OW190433 Tokyo KYODO in English 0230 GMT 19 Mar 86

[Text] Nagasaki, 19 Mar (KYODO)--A five-ship Dutch Naval fleet, on a goodwill tour of Asian countries, Wednesday called at Nagasaki with which the Netherlands has longstanding historical ties.

The fleet is the first to visit Japan from the Netherlands since March 1970 when a smaller Dutch fleet called at Osaka and Kobe in commemoration of the Osaka expo.

The fleet includes the 4,308-ton flagship De Ruyter and the 3,530-ton helicopter-carrying frigate Callenburgh.

About 100 local people, waving small Dutch national flags, welcomed commanding Rear Admiral Van Renesse and other crew members on arrival at Nagasaki port.

Renesse and other officers later paid courtesy calls on Governor Isamu Takada of Nagasaki and Mayor Hitoshi Motoshima of Nagasaki.

They discussed a "Dutch exhibition" planned to be held in Nagasaki and other places in 1989, the 380th anniversary of the conclusion of the Japan-Dutch amity pact.

The Dutchmen will stay in Nagasaki Prefecture for eight days to tour the prefecture. The ship of the fleet will be opened to the public for three days starting Friday.

The fleet will visit South Korea and other Asian countries before returning home in late June.

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## MILITARY

### BRIEFS

MSDF, NETHERLANDS JOINT EXERCISES--Tokyo, 18 Mar (KYODO)--Japan's Maritime Self-defense Force will conduct a joint exercise with the Netherlands's Navy on 26 March off Nagasaki port, Defense Agency sources said Tuesday. Among vessels participating in the drill will be two Japanese destroyers including the 3,850-ton Tachikaze and five Dutch vessels including the 3,655-ton frigate De Ruyter. The Dutch vessels are expected to call at the port Wednesday and stay there until 26 March, the sources said. [Text] [Tokyo KYODO in English 0900 GMT 18 Mar 86 OW] /9738

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ECONOMIC

BAR ASSOCIATION'S FEAR OF FOREIGN ATTORNEYS DESCRIBED

Tokyo SENTAKU in Japanese Feb 86 pp 106-107

[Text] The scene is a Tokyo branch of Law Firm X in Marunouchi, Tokyo, in 1990.

"Mr Tamura, what's happening with the contract with IBN?"

"We may pull it off. Several other offices in Tokyo have responded to the inquiry, but ours is the best letter."

"Do you need help from New York?"

"That won't be necessary. However, it would be better if we could share one part with Company Y. It has connections with MTT and there are two or three areas involving European law. I have a friend from my college days, Miyatake. I'd like to provide information to him."

"I'll leave that up to you. Let me know the result."

There are people who are very fearful of the advent of an era in which U.S. lawyers would control the leadership. They are the group of lawyers who handle "corporate affairs" in connection with negotiations and contracts between companies. There are only 100 people at the most who can be called experts in this field in Japan. In contrast, there are several hundred thousand corporate lawyers registered in the United States who fight for orders from companies and who are constantly exposed to fierce competition that eliminates the weak.

Japanese lawyers cannot compare with U.S. lawyers, not in terms of funds, organizational strength or information collection capability. If U.S. lawyers come to Japan in full force, what will become of Japanese lawyers? It would be one thing if Japanese lawyers could form partnerships with U.S. lawyers, or at least work for them, but in fact, won't they be driven out? There are a number of U.S. lawyers who are actually practicing in Japan at present with the title of "trainee," but once they are officially allowed to "land" in Japan, the "market," which had been shared peacefully among members of the family of Japanese lawyers, will probably gradually erode away. That is why they say that opening the door to foreign lawyers is out of the question.

## "Autonomy" of the Threatened Japanese Federation of Bar Associations

A great deal of difficulty has been encountered in adjusting the views of the U.S. Government, the Japanese Government and the Japanese Federation of Bar Associations (JFBA) regarding the problem of liberalization of the activities of foreign lawyers in Japan. The main points at issue include the laws on which the foreign lawyers can advise and the entity that will be the competent authority as well as employment and partnerships with Japanese lawyers. The U.S. side is especially insistent about liberalization of employment and partnerships and in response, JFBA is fiercely opposed to it, while the Ministry of Justice, which has been placed in the middle, has avoided expressing any clear position.

Underlying all this is the vast difference between the judicial systems and structures of Japan and the United States. When all is said and done, the fact remains that there is deep-rooted antipathy in the judicial profession as a whole, mainly because of the aforementioned misgivings of the corporate lawyers, to the advent of "X day."

In the spring of 1982, at a U.S.-Japanese, trade conference, the United States officially requested that Japan's doors be opened to foreign lawyers. Since then, the United States has taken every opportunity to push for this as a priority item in the opening of Japan's markets, and particularly seeks the adoption of the following three points: (1) a lawyer should be able to advise on the laws of his own country (the country where he was licensed to practice) and on national laws relevant to such cases as contracts between corporations; (2) he should be placed under the supervision of government agencies such as the Ministry of Justice; and (3) employment and partnerships should be liberalized completely.

In response, the Japanese side repeatedly took the position of "carefully studying" the demands. Finally, last July, in the government's action program, it was indicated that "practice will be approved under certain conditions in areas exclusive of courtroom activities."

It can be said that at this point, the problem of opening the doors to foreign lawyers is resolved. Still remaining is the fight over what conditions will be imposed concerning basic issues, such as who the "competent authority" will be. There is a strong belief on the Japanese side that this should be left to JFBA. In discussions on this issue, both sides have stuck to their positions. During a recent visit to Japan, Deputy U.S. Trade Representative Smith told senior officials of the Ministry of Justice that "putting U.S. lawyers under the supervision of JFBA would be like setting a fox to watch over chickens." JFBA, however, is afraid that "the chickens may be wolves" (a JFBA executive).

This stems from the fear that if a massive, unrestricted influx of foreign lawyers is allowed, this will threaten not only JFBA's "autonomy," which is recognized by the Attorneys-At-Law Act, but also "the very foundation of the Japanese judicial system."

Because of these circumstances, JFBA set forth the policy that rather than passively accepting liberalization, JFBA would consider it independently. Thus, last fall, JFBA drafted and announced a "draft prospectus on a system for foreign lawyers," which listed conditions and restrictions on liberalization. These terms diverged from the demands made by the U.S. side; for example, it included such conditions as "in principle, foreign lawyers can only advise on the laws of their own countries," and "the Minister of Justice will bestow the license to practice and JFBA will supervise;" and employment and partnerships in particular are clearly "prohibited under any and all circumstances." Although JFBA has no authority to change the existing system directly, it has managed to prevent incremental progress from being made on the liberalization plan.

By this spring, JFBA's executive department plans to decide on an independent proposal, based on the above draft, to revise the Attorneys-At-Law Act. Then, based on this proposal, a revision proposal will be submitted to the ongoing regular session of the Diet.

Even now, however, there is deep-rooted opposition within JFBA regarding what designation should be given to foreign lawyers in Japan.

The Ministry of Justice has reacted coldly to JFBA's delaying tactics. It appears to have decided that this is another challenge by JFBA, which has always brandished the shield of "autonomy" and caused trouble. According to senior officials, the policy of the Ministry of Justice is to "absolutely respect the independent study of JFBA." In other words, the self-governing capability of JFBA is being tested.

#### U.S. and European Markets Closed

With regard to the extent to which foreign lawyers should be allowed to practice freely, the United States and the European countries each have their own unique system. However, not one of these countries allows foreign lawyers to practice on equal terms with its own lawyers.

In the United States, each state has jurisdiction over the licensing of lawyers and acceptance of foreign lawyers is decided separately by each state. At present, New York is the only state where foreign lawyers can enter with relative ease. Even there, however, they can practice only in the capacity of legal consultants and limitations, as indicated in the title, are applied to their practice. They are prohibited from appearing in court and from business involving such areas as real estate sales, marriages, and wills. Furthermore, when a foreign lawyer gives counsel and advice involving U.S. domestic laws, counsel by a U.S. lawyer is required.

On the other hand, in Great Britain and West Germany, the license to practice as a lawyer can be acquired even by non-citizens. Moreover, with approval from the governments and the courts, foreign lawyers can participate, within certain limits, in the business of legal consulting. In France, foreign lawyers had been able to practice quite freely, but by a legislative revision in 1971, restrictions were established, such as limiting their practice to foreign law and international law.

Additionally, the authority carried by individual lawyers differs because of the difference in national character. The membership of JFBA presently totals 12,900. On the other hand, in the United States, the country that is most eager to see Japan open its doors, there are over 600,000 practicing lawyers. The ratio of lawyers to total population is almost 30 times greater in the United States than in Japan. Among U.S. law firms, there are even some large multinational corporations that support hundreds of lawyers as employees. These lawyers are intimately involved in the strategies of industrial circles and there are cases where one firm will handle everything from a pre-investigation of a company's legal problems to the preparation, drafting, and aftercare of a contract. There also are cases where lawyers, well-versed in the ways of domestic and foreign political circles, are a pervasive presence as formal and informal lobbyists.

This is quite different from the image of the law firm in Japan, which generally is "the small law office on the corner." Furthermore, in Japan, the majority of the people approach lawyers with the feeling of "asking for their help," rather than "signing a contract to hire a lawyer," as they do in the United States.

Arguing which is right or wrong, the Japanese or U.S. system or way, probably is the work of scholars. At least it can be said, however, that it appears that Japanese lawyers, who have existed peacefully in their role, have entered a difficult era.

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